

INSTRUCTIONS FOR MICHIGAN HISTORIC PRESERVATION TAX CREDIT ASSIGNMENT (form 3614)

The purpose of this form is to allow single business tax filers to calculate and assign the Michigan Historic Preservation Tax Credit. The Michigan Historic Preservation Tax Credit provides tax incentives to rehabilitate historic resources located in the State of Michigan.

The single business tax assignor must complete form 3614, Michigan Historic Preservation Tax Credit Assignment **after** the date the State Historic Preservation Office (SHPO) issues the certificate of completed rehabilitation and **before** any assignee files a tax return to claim the credit. The date the SHPO issued the certificate of completed rehabilitation is found on the Historic Preservation Certification Application Part 3 – Request for Certification of Completed Work.

Assignment of the Credit

A qualified taxpayer who is a partnership, limited liability company, or subchapter S corporation may assign all or a portion of its Michigan Historic Preservation Tax Credit to its partners, members, or shareholders. The qualified taxpayer must assign its credit during the tax year in which the completed rehabilitation certificate is issued.

The credit assignment cannot be revoked or reassigned. An assigned credit amount must be claimed against the partner's, member's, or shareholder's SBT liability in the fiscal or calendar year which includes the assignor's tax year-end. An individual must claim the assigned credit amount in the calendar year in which the assignor's tax year ends.

The assigned credit must be based on the partner's, member's, or shareholder's proportionate share of ownership or an alternative method approved by the Department of Treasury. The completed Michigan Historic Preservation Tax Credit Assignment, form 3614 and required attachments must be submitted to the Michigan Department of Treasury, Single Business Tax Division prior to the filing of any tax return to claim a credit. The Single Business Tax Division will review the assignment form and attachments and return an authorized form 3614 to the assignor. The assignor must furnish each assignee with a copy of the authorized form 3614 to attach to their tax return.

A separate form 3614 must be completed for each project.

What is the Michigan Historic Preservation Tax Credit

The Michigan Historic Preservation Tax Credit is available to qualified taxpayers with a rehabilitation plan certified after December 31, 1998 and before January 1, 2003. The credit must be claimed in the year that the certification of completed rehabilitation of the historic resource is issued, and within five years of the year the rehabilitation plan was certified.

Qualified taxpayers may receive a Michigan credit equal to 25 percent of the qualified expenditures. For qualified taxpayers eligible for the federal credit under Section 47(a)(2) of the Internal Revenue Code (IRC), the Michigan credit is 25 percent of the qualified expenditures less the amount of the federal credit claimed.

The Michigan Historic Preservation Tax Credit is a nonrefundable credit. However, if the credit exceeds the taxpayer's tax liability, the balance of the credit may be carried forward for up to ten years.

Note: If the resource is sold or the certification of completed rehabilitation is revoked less than five years after the credit is claimed, a percentage of the credit will be subject to recapture. If the credit has been assigned, the recapture is the responsibility of the assignee.

Eligibility

The Michigan Historic Preservation Tax Credit is available to eligible assignees, owners or long-term lessees of qualified historic resources who undertake rehabilitation projects that are certified by the State Historic Preservation Office of the Michigan Historical Center, Michigan Department of State.

Property owners undertaking rehabilitation projects on depreciable properties that qualify for the federal historic preservation tax credit must first apply for the federal credit.

Qualified Expenditures

Qualified expenditures are capital expenditures that qualify for the federal rehabilitation credit if the qualified taxpayer is eligible for that credit or capital expenditures that would qualify for the federal credit except that the expenditures were made for a historic resource that is not eligible for the federal credit. A qualified taxpayer with qualified expenditures eligible for the federal credit must claim and receive the federal credit to qualify for the Michigan credit. The qualified expenditures must be paid after December 31, 1998 for the rehabilitation of a historic resource but not more than five years after the certification of the rehabilitation plan.

The amount of the qualified expenditures must be equal to or greater than 10 percent of the State Equalized Value (SEV) of the rehabilitated property. If the historic resource to be rehabilitated is part of a historic or non-historic resource, only the SEV for that portion can be used. If the SEV has not been determined for the historic portion, or if the historic resource to be rehabilitated does not have an SEV, the total qualified expenditures must be equal to or greater than 5 percent of the resource's appraised value.

Line-By-Line Instructions

Lines not listed are explained on the form.

Part 1: Assignor Identification

Line 1 - Enter the name and address of the partnership, limited liability company, or subchapter S corporation who is assigning the Michigan Historic Preservation Tax Credit. The assignor must be an owner or long-term lessee of a qualified historic resource.

Line 3 - Assignor Account Number. Enter the assignor's account number.

Line 4 - Project Number. Enter the project number assigned by the State Historic Preservation Office.

Line 5 - Date Project Certified as Complete. Enter the date the State Historic Preservation Office issued the certification of

completed rehabilitation. This date is found on the Historic Preservation Certification Application Part 3 – Request for Certification of Completed Work.

Line 6 - Organization Type. Check the box that describes the organization type of the assignor's business. If the organization is a limited liability company that is taxed as a partnership, check Partnership/LLC-Partnership. If the organization is a limited liability company that is taxed as a corporation, check Limited Liability Company-Corporation.

Line 7 - Indicate the Method Used to Assign the Credit. Check the method being used to assign the credit. If approval to use an alternative method is being requested, attach documentation explaining this method of assignment.

Part 2: Credit Calculation.

Line 8 - State Equalized Value (SEV). Enter the amount of the SEV for the historic resource to be rehabilitated.

Line 9 - Qualified Expenditures. Enter the qualified expenditures for the rehabilitation of the historic resource.

Line 11 - If eligible, the Federal Rehabilitation Credit must first be claimed on U.S. 3468, Investment Credit. Enter the amount from U.S. 3468, line 1c for property located in Michigan.

Line 12 - Michigan Historic Preservation Tax Credit. Subtract line 11 from line 10 and enter the results here.

Part 3: Assigning the Credit. If the partnership, limited liability company, or subchapter S corporation is retaining a portion of the credit, the assignor must enter the requested information in row a. In the following rows enter the requested information for each assignee partner, member, or shareholder. See back of form for additional space if needed.

Column A - Assignee Account Number. Enter the account number of the assignee partner, member, or shareholder. If the assignee is a business, enter the federal employer identification number (FEIN) or Treasury number assigned (TR). If an assignee is not a business, enter a social security number (SSN).

Column C - Date Assignee's Tax Year Ends. An assigned credit amount must be claimed against the partner's, member's, or shareholder's SBT liability in the fiscal or calendar year which includes the assignor's tax year-end. An individual must claim the assigned credit amount in the calendar year in which the assignor's tax year ends.

Column D - Percentage of Credit to be Assigned. Enter the percentage of credit to be assigned to each partner, member, or shareholder. The method being used to assign the credit was indicated on line 7. If approval to use an alternative method is being requested, attach documentation explaining this method of assignment. The total of Column D must equal 100%.

Column E - Assigned Credit. Multiply the amount on line 12 by the percentage in column D. This is the amount of the assignee's credit. Each assignee must enter this amount on form 3581 Michigan Historic Preservation Tax Credit, line 8. The total of all entries in column E must equal the amount on line 12.

Signature

Form 3614 must be signed by the assignor to be valid.

Attachments

For the assignment form to be valid, the partnership, limited liability company, or subchapter S corporation who is assigning the credit **must** attach the items listed below to the completed form 3614:

- Historic Preservation Certification Application Part 1 – Evaluation of Eligibility, signed and dated by the Michigan Historical Center
- Historic Preservation Certification Application Part 3 – Request for Certification of Completed Work, signed and dated by the Michigan Historical Center
- An itemized list of the qualified expenditures used to compute the credit

To Claim the Assigned Credit

Each assignee **must** attach to their MI-1040, MI-1041 or C-8000, an authorized form 3614, Michigan Historic Preservation Tax Credit Assignment, and a completed form 3581, Michigan Historic Preservation Tax Credit with any required attachments. A partnership, limited liability company, or subchapter S corporation who is retaining a portion of the credit must attach the same information.

Where Do I Mail This Form

Mail completed form 3614 and attachments to:

Michigan Department of Treasury
Single Business Tax Division
P.O. Box 30059
Lansing, MI 48909

Treasury Forms are Available From:

- Michigan Department of Treasury Web site at:
www.treasury.state.mi.us
- 1-800-FORM-2-ME (1-800-367-6263)

Questions

Questions regarding the assignment of the credit should be directed to Single Business Tax at (517) 373-8030

If you have questions regarding federal and state certification, contact the State Historic Preservation Office, Michigan Historical Center, Michigan Department of State at (517) 373-1630

Additional Information is Available

State Historic Preservation Office -
www.sos.state.mi.us/history/preserve/preserve.html

Federal Historic Preservation Tax incentives
www2.cr.nps.gov/